

3-1-1990

# A Famous Title is Worth 1,000 Publicity Stunts: Does the Owner of the Motion Picture Copyright to the Amityville Horror Own the Title

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## Recommended Citation

Vincent Yanniello, *A Famous Title is Worth 1,000 Publicity Stunts: Does the Owner of the Motion Picture Copyright to the Amityville Horror Own the Title*, 10 Loy. L.A. Ent. L. Rev. 715 (1989).

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# A FAMOUS TITLE IS WORTH 1,000 PUBLICITY STUNTS: DOES THE OWNER OF THE MOTION PICTURE COPYRIGHT TO *THE AMITYVILLE HORROR* OWN THE TITLE?

The general rule of law is that the noblest of human productions—knowledge, truths ascertained, conceptions, and ideas—become, after voluntary communication to others, free as the air to common use.

—Justice Brandeis<sup>1</sup>

## I. INTRODUCTION

### A. *Warning: Some Rights in Titles Are Not Assignable*

Rules protecting titles in the entertainment industry may confuse, agitate and even exasperate the experienced lawyer who would like to answer the simple question: Does the owner of a copyrighted work own its title? Somewhere between the fringe areas of trademark law and the shadow of copyright, courts give effect to contract clauses that transfer titles in agreements between sellers and buyers of literary works. Even though title rights are founded upon, and parallel, some principles of trademark's unfair competition, California has unique prerequisites for protection of titles.

Usually, anyone may use an existing title.<sup>2</sup> California recognizes quasi-property rights in titles *only* in claims of unfair competition for "palming off" one's literary work as the work of another.<sup>3</sup> In *Lutz v. de Laurentiis*, ("*Lutz*")<sup>4</sup> the California Court of Appeal remanded, for trial,

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1. *International News Service v. Associated Press*, 248 U.S. 215, 250 (1918) (Brandeis, J. dissenting). Justice Brandeis argued against an extension of unfair competition principles; he expressed the view that intellectual property rights should only be enforced in special circumstances which serve the public welfare. *Id.*

2. *Lutz v. de Laurentiis*, 211 Cal. App. 3d 1317, 1323, 260 Cal. Rptr. 106, 108 (1989). The California Court of Appeal held:

[a]nyone may use a title if there is no secondary significance. Unfair competition consists in palming off one's goods as those of another. The mere use of a substantially similar title, if not used in such a manner as to induce the public to believe that the work to which it is applied is the identical thing which it originally designated, does not constitute unfair competition.

*Id.* (quoting *Curtis v. 20th Century-Fox Film Corp.* 140 Cal. App. 2d 461, 469, 295 P.2d 62 (1956)).

3. *Lutz*, 211 Cal. App. 3d at 1323, 260 Cal. Rptr. at 108.

4. *Id.* The parties to the case are George Lutz, Kathleen Lutz, John G. Jones, Paul Kimatian and Gotham Press Publishing, Inc. as plaintiffs and defendants Dino de Laurentiis,

the Lutzes' claim that Orion Pictures ("Orion") had "palmed off" *Amityville II: The Possession* as the Lutzes' sequel to *The Amityville Horror*.<sup>5</sup> The Lutzes claim that Orion titled their movie similarly in order to deceive the public into believing that the Orion movie was the film version of the Lutzes' sequel book, "The Amityville Horror II."<sup>6</sup> Thus, Orion benefited because movie goers bought tickets thinking that they were viewing the film version of the Lutzes' sequel.<sup>7</sup>

Orion claims "Foul!" because the Lutzes sold, *in gross*,<sup>8</sup> their motion picture rights in the title to Orion's predecessor-in-interest, who produced the motion picture version of the Lutzes' original book.<sup>9</sup> But, title transfer agreements, such as the clause in the Lutzes' contract of sale for the movie copyright to "The Amityville Horror," may seek to convey rights in titles that are personal to the author and incapable of transfer.<sup>10</sup> Other creators of underlying works, like the Lutzes, have successfully disputed the extent of title rights capable of transfer to motion picture producers.<sup>11</sup> Resolution of *Lutz* is therefore complicated by the unique nature of title rights in California.<sup>12</sup>

### B. A Second Look at the Holdings of *Tomlin v. Walt Disney Productions*

The majority in *Lutz* discussed property rights in titles in a forth-

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Dino de Laurentiis Corp., Productions, Ltd., Orion Pictures Corp, Columbia Pictures Industries, Inc. and EMI, Inc. *Id.* at 1321-22 n.2, 260 Cal. Rptr. at 108 n.2.

5. *Id.* at 1322, 260 Cal. Rptr. at 108.

6. *Id.*

7. *Id.*

8. "*In gross*" is defined: "In a large quantity or sum; without deduction, division, or particulars; by wholesale. At large, in one sum; not annexed to or dependent upon another thing. Common in gross is such as is neither appendant nor appurtenant to land [property], but is annexed to a man's person." BLACK'S LAW DICTIONARY 400 (5th ed. 1983).

9. See *Lutz*, 211 Cal. App. 3d at 1326, 260 Cal. Rptr. at 111.

10. *Contra Id.* at 1326, 260 Cal. Rptr. at 110 (Roth, P.J., dissenting) ("It is astonishing that the Lutzes should sell exclusive and perpetual motion picture and television rights to the first book, including the title "*The Amityville Horror*," to a picture company, then claim that any property rights in a resulting secondary meaning of that title still belong to them exclusively."). It's possible that Justice Roth felt that the transfer contract contained the Lutzes' implied waiver of their right to sue Orion. *But cf.* *Trust Company Bank v. MGM/UA Entertainment Co.*, 772 F.2d 740, 746 (1985) citing the district court's reliance upon Warner Bros. Pictures, Inc. v. Columbia Broadcasting Sys., 216 F.2d 945 (1954) (the *Sam Spade* decision) (A producer can "not necessarily rely on an implicit grant of sequel rights in an agreement conveying motion picture rights.").

11. See *infra* notes 124-42 and accompanying text on Jacqueline Susann's suit for Twentieth Century-Fox's use of the title *Beyond the Valley of the Dolls*.

12. Cf. R. POSNER, ECONOMIC ANALYSIS OF LAW § 3.2, at 33 (3d ed. 1986) ("The pattern by which property rights emerge and grow in a society is related to increases in the ratio of the benefits of property rights to their costs.").

right manner by (1) clarifying the pleading required to establish an action of unfair competition; (2) defining the elements and limits of property rights in titles; and (3) reviewing the holdings and misconceptions of *Tomlin v. Walt Disney Productions* ("Tomlin").<sup>13</sup> On the other hand, the dissent discussed public policy reasons for (1) limiting title rights and (2) protecting the expectations of buyers of motion picture rights in literary works to exploit the titles.

Title rights cases are rarely published, perhaps because producers generally avoid using a title identified with another's work.<sup>14</sup> The *Lutz* case is the first comprehensive<sup>15</sup> look at the holdings of *Tomlin*, a 1971 case which was decided in the uncertain aftermath of the U.S. Supreme Court cases, *Sears, Roebuck & Company v. Stiffel Company*<sup>16</sup> and *Compco Corporation v. Day-Brite Lighting*.<sup>17</sup> *Sears* and *Compco* were generally seen as limiting states' ability to create intellectual property rights.<sup>18</sup>

The Constitution specifically gives Congress the power to grant, for a "limited time," property rights in artistic works.<sup>19</sup> The Supreme Court holdings in *Sears* and *Compco* have been interpreted to say that since Congress chose not to grant copyright protection to titles along with the artistic work which they identify, states were left no room to create property rights in titles.<sup>20</sup> Therefore, *Sears* and *Compco* restricted the states' ability to protect titles of literary works in unfair competition cases because the field of property rights in titles was preempted by the federal copyright statute.<sup>21</sup> Thus, state laws protecting titles are now under the shadow of federal copyright law and are distinguished from trademark

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13. *Tomlin v. Walt Disney Prods.*, 18 Cal. App. 3d 226, 96 Cal. Rptr. 118 (1971).

14. Interview with Albert Spevak, Vice-President for Business Affairs, NBC Productions, Inc. (Sept. 1989). Producers normally have a title check run by specialists who can determine if a similar title has been used and who keep track of titles mentioned in trade publications. Most production budgets include insurance against losses should a problem arise over the production's title. *Id.* See Robinson, *Insurance Coverage of Intellectual Property Lawsuits*, 13 NEW MATTER 1 (Summer 1988) (NEW MATTER is the official publication of the State Bar of California Intellectual Property Section).

15. *Cf. Allied Artists Pictures Corp. v. Friedman*, 68 Cal. App. 3d 127, 137 Cal. Rptr. 94 (1977) (*Allied Artists* is the only other title case that has been published since *Tomlin*, and it decided the narrow issue of California's authority to enforce an injunction with extraterritorial impact).

16. 376 U.S. 224 (1964) *reh'g denied*, 376 U.S. 973 (1964).

17. 376 U.S. 234 (1964) *reh'g denied*, 377 U.S. 913 (1964).

18. See Bricker, *Thirty Months After Sears and Compco*, 14 BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A., 293, 296 (1967).

19. *Id.*

20. *Id.*

21. *Id.*

law. Because *Lutz* is only California's second published title case in eighteen years, it is an important second look at *Tomlin* for any lawyer seeking to answer the "simple" question: Does the owner of a copy-righted work own its title?

### C. *The History of "Equity" Principles of Fairness in Title Protection*

Titles are protected by judicial application of equity principles that discourage unfair competition such as passing off one's goods for those of another. These equity principles originated over eight hundred years ago in the special English Courts of the Fair which gave same-day hearing to complaints of unfair business conduct in the marketplace.<sup>22</sup> The English common law courts were too limited or inflexible to remedy such unjust or unfair situations.<sup>23</sup> In the eighteenth century, the English courts consolidated the common law and equity courts and adopted the Law Merchant of the Fairs.<sup>24</sup> Beginning with the accession of Lord Mansfield to the Chief Justiceship of the King's Bench in 1756, the consolidated court developed a system of discretionary rules for equitable relief, which has been followed and developed in the United States to settle such

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22. Also known as the Court *Pepoudrous*. Burdick, *What is the Law Merchant*, in 3 SELECT ESSAYS IN ANGLO-AMERICAN LAW 34 (1909). In 1891, Thomas E. Scrutton quoted old English law books in writing that:

This Court is incident to every fair and market because that for contracts and injuries done concerning the fair or market there shall be as speedy justice done for advancement of trade and traffic as the dust can fall from the feet, the proceeding there being *de hora in horam* ["of the hour in the hour"].

Scrutton, *General Survey of the History of the Law Merchant*, in 3 SELECT ESSAYS IN ANGLO-AMERICAN LAW 9 (1909).

23. Scrutton, *General Survey of the History of the Law Merchant*, in 3 SELECT ESSAYS IN ANGLO-AMERICAN LAW 9 (1909).

24. *Id.* at 13. *Cf.* *Keeble v. Hickeringill*, Queen's Bench, 11 East 574, 103 Eng. Rep. 1127 (1707) ("Every man that hath a property may employ it for his pleasure and profit, as for alluring and procuring decoy ducks to come to his pond . . . and he that hinders another in his trade or livelihood is liable to an action for so hindering him.") The opinion in *Keeble* was by Chief Justice Holt whom "some enthusiastic lovers of jurisprudence regard . . . with higher veneration than any English Judge who preceded or has followed him." 4 J. CAMPBELL, 1 LIVES OF THE CHIEF JUSTICES OF ENGLAND 383 (3d ed. 1873). Dukeminier writes:

After the flight of James II to France, abandoning the throne, Holt, as a member of the House of Commons, played a leading role in the establishment of a constitutional monarchy under William and Mary, a system that survives today. Subsequently he was appointed chief justice, which office he held from 1689 to 1710. He was noted for his integrity and independence and for his common sense as well as his deep learning in the law . . . Chief Justice Holt was the first of a line of enlightened judges who, in the eighteenth century, shaped English law to accommodate the needs of a mercantile society that would dominate world trading.

J. DUKEMINIER, PROPERTY 23 n.4 (2d ed. 1988).

claims.<sup>25</sup>

In the literary field, American courts recognized equity protection for titles to assignees of rights as early as 1884.<sup>26</sup> During the early stages of the motion picture industry, American courts held that no one would be deceived into purchasing a movie ticket merely because the movie had the same title as a book because books and movies were not seen as competing products.<sup>27</sup> As the motion picture industry matured, the courts extended protection of titles because the film rights of popular books were recognized to compete with similarly titled motion pictures.<sup>28</sup> The courts now recognize the underlying exigency to protect literary titles in other forms of media to preserve the creative atmosphere in a complex and interrelated entertainment industry.<sup>29</sup>

In reliance upon these equity principals for protection,<sup>30</sup> producers invest fortunes in advertising to establish the public recognition necessary for proprietary rights in the titles of books, plays, songs, television programs and motion pictures.<sup>31</sup> Now, when American courts hear title cases of unfair competition, they may use the traditional phrase that they are "sitting in equity" in order to explain why they follow flexible rules to remedy unjust or unfair situations.<sup>32</sup>

25. *Compare* *Wotherspoon v. Currie*, E.A. 5 L.R. 508 (1872) with *Lutz v. de Laurentiis*, 211 Cal. App. 3d 1317, 260 Cal. Rptr. 106.

26. Angel, *Legal Protection for Titles in the Entertainment Industry*, 52 S. CAL. L. REV. 279, 298 (Jan. 1979).

27. *Cf.* *Atlas Manufacturing Co. v. Street & Smith*, 204 F. 398 (8th Cir. 1913) (Books belong to the "field of literature" and motion pictures are in "the domain of theatricals.").

28. *International Film Serv. Co. v. Associated Producers, Inc.*, 273 F. 585, 587 (S.D.N.Y. 1921).

29. *Cf.* *Tomlin v. Walt Disney Prods.*, 18 Cal. App. 3d 226, 234-35, 96 Cal. Rptr. 118, 123 (1971) (recognizing that a motion picture company could deceive the public into believing that its film was based upon another's book).

30. T. MCCARTHY, 2 TRADEMARK AND UNFAIR COMPETITION § 10 *Literary, Artistic and Entertainment Rights* (1988).

31. As motion picture production budgets soar, producers seek to offset their costs by selling distribution, cable, cassette and merchandizing rights long before the final edit. Broadcasters, who also cannot accept high levels of financial risk, are looking into various means, such as global networks, of amortizing their huge program costs. See Loughery, *The Global Network*, in *UCLA 13TH ANNUAL ENTERTAINMENT LAW SYMPOSIUM* 67 (Dec. 1988).

32. California recognizes this common law action for unfair competition in Civil Code § 3369 which provides in pertinent part:

2. Any person performing or proposing to perform an act of unfair competition within this state may be enjoined in any court of competent jurisdiction.

3. As used in this section, unfair competition shall mean and include unlawful, unfair or fraudulent business practice and unfair or misleading advertising . . .

CAL. CIV. CODE § 3369 (West 1990).

## II. STATEMENT OF THE CASE

A. The Amityville Horror: *The First Book and Film*

In 1975, plaintiffs George and Kathleen Lutz bought a house at 112 Ocean Boulevard, in a small and obscure town, Amityville, New York.<sup>33</sup> A year earlier, a previous occupant, Ronald "Butch" Joseph DeFeo, Jr., had murdered his entire family in this house.<sup>34</sup> At his trial, DeFeo claimed that, on November 13, 1974, demons had made him kill his father Ronald, Sr., and his mother Louise, his brothers Mark and John, and his sisters Dawn and Allison.<sup>35</sup>

On February 5, 1976, twenty-eight days after moving in, the Lutzes and their three children fled in fear from this home which they had come to believe was haunted. Because public interest was aroused by the terrifying and unique events that drove them out of their home, the Lutzes hired Jay Anson to write a book entitled "The Amityville Horror."<sup>36</sup> "The Amityville Horror," which relates the psychic phenomena experienced during their twenty-eight day residence in the house, became a national best-seller.<sup>37</sup> Over 3,000,000 copies of the book were sold; the hardcover version had fourteen printings between 1977 and March 1978; and the paperback version was published in August 1978.<sup>38</sup>

On September 28, 1977, the Lutzes authorized Professional Films, Inc. ("PFI") to produce a motion picture version of "The Amityville Horror."<sup>39</sup> Under the agreement, the Lutzes granted PFI the right to use the book title and their names<sup>40</sup> in connection with that motion picture version of their book.<sup>41</sup> The Lutzes claim to have retained all other rights to the title, the use of their name and the exclusive right to make

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33. *Lutz*, 211 Cal. App. 3d at 1320, 260 Cal. Rptr. at 107.

34. *Id.*

35. G. SULLIVAN & H. ARONSON, HIGH HOPES, THE AMITYVILLE MURDERS 286, 297-300 (Coward, McCann & Geoghegan 1981).

36. *Lutz*, 211 Cal. App. 3d at 1320, 260 Cal. Rptr. at 107.

37. *Id.*

38. Appellants' Reply Brief, Appeal from the Superior Court of Los Angeles County at 8, *Lutz* (No. B 029 439) (Nov. 11, 1988).

39. *Lutz*, 211 Cal. App. 3d at 1320, 260 Cal. Rptr at 107.

40. Appellants' Reply Brief, Appeal from the Superior Court of Los Angeles County at 8, *Lutz* (No. B 029 439) (Nov. 11, 1988). "Paragraph 12 of the Agreement granted the Purchaser the limited right to use 'the name and likeness and biography' of the Lutzes 'in connection with the advertising, publicizing and/or any other use or exploitation of any of the rights . . . granted Purchaser with respect to the Property.'" *Id.*

41. *Id.* at 6-7. The plaintiffs state:

Paragraph 1 of the Agreement states that '[e]xcept for the rights specifically reserved by Owner in Article 2 [of the Agreement], Owner conveyed the right to make motion picture version of the Property. (C.T. at 1137). Article 1 describes the following

additional motion pictures depicting themselves in events occurring after the events depicted in the book.<sup>42</sup> They claim to have specifically retained the exclusive rights to publish literary sequels to the book.<sup>43</sup>

The Lutzes agreed to wait five years to proceed with motion picture sequels. This holdback granted a right of first refusal to PFI to match any offers made to the Lutzes to make motion picture sequels during the five years.<sup>44</sup> PFI assigned its film rights and obligations to American International Pictures ("AIP") who produced and released the major box office smash, *The Amityville Horror*, based upon the Lutzes' book in

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specific rights '[i]ncluded' within the right to make the motion picture version of the Property, i.e., the book entitled *The Amityville Horror*:

- (a) The right to make and exploit a motion picture version of the book *The Amityville Horror*;
- (b) The right to exhibit and transmit the motion-picture version of the book *The Amityville Horror* by, e.g., television, cable and film;
- (c) The right to broadcast portions of the book 'for the purpose of advertising . . . [the] motion picture' authorized under the Agreement;
- (d) The right to publish excerpts, novelizations, and other versions of the book '[f]or the purpose of advertising . . . [the] motion picture' authorized under the Agreement;
- (e) The right to sell and distribute recordings of the sound track of the motion picture version of the book;
- (f) The right to use the 'characters' and 'the title of the Property' but only '[f]or any of the purposes specified in other subdivisions of this . . . article 1, . . . ;['] and
- (g) The right to use and exploit 'commercial or merchandise tie-ups' in connection with the book and the motion picture authorized under the Agreement.

*Id.*

42. Respondents' Brief, Appeal from the Superior Court of Los Angeles County at 4, *Lutz* (No. B 029 439) (Aug. 15, 1988). Article 2 of the Literary Purchase Agreement reserves rights to the Lutzes to make additional motion pictures:

"[S]equel feature rights" in the Property [the book, *The Amityville Horror*] reserved by the Owner shall be deemed to mean the right to depict George and Kathleen Lutz [the Lutzes] and their children or any of them, in events occurring after the period of time depicted in the Property in one or more feature length motion pictures. In the exercise of any . . . sequel feature rights, Owner shall not depict any of the events depicted in the Property [i.e., strange events occurring in the Amityville house]. Agreement, Paragraph 2(c).

*Id.*

43. Appellants' Reply Brief, Appeal from the Superior Court of Los Angeles County at 8, *Lutz* (No. B 029 439) (Nov. 11, 1988). "Article 2, describing the rights that the Lutzes reserved, commences by reciting that the Owner reserves all 'publication rights in and to the Property,' except for the 'limited publication rights . . . granted to Purchaser.'" *Id.*

44. Respondents' Brief, Appeal from the Superior Court of Los Angeles County at 5, *Lutz* (No. B 029 439) (Aug. 15, 1988).

The owner will not exercise or use any . . . sequel feature rights prior to the expiration of five (5) years after the date of first public showing in the United States of the first motion picture based upon the Property or seven (7) years from the date of this Agreement, whichever shall first occur . . . . If the Owner shall at anytime hereafter desire to grant (and the term "grant" shall include all forms and types of transfers and grants of rights or of authority) any of said reserved . . . sequel feature rights in the Property, Owner shall not do so until he shall have first afforded Purchaser an opportunity to acquire the rights which Owner shall desire to grant . . . .

*Id.* citing the Agreement.



1979.<sup>45</sup> Defendant Orion Pictures succeeded to AIP's rights and obligations.<sup>46</sup> The public paid over \$75,000,000 in box office receipts to view this popular film.<sup>47</sup>

The Lutzes went on an extensive publicity campaign which included interviews in newspapers, on approximately fifty radio stations and on the *Merv Griffin* television show.<sup>48</sup> While they traveled world-wide to discuss their experiences and to promote the book and film versions of *The Amityville Horror*, they also spoke about subsequent unique events and happenings which would be the subject of sequel books and movies.<sup>49</sup> *People Magazine* published a feature article about the Lutzes.<sup>50</sup>

### B. The Lutzes' Book Sequel: "The Amityville Horror II"

The Lutzes granted exclusive rights to write and publish a book sequel to "The Amityville Horror" to plaintiffs John G. Jones and Paul Kimatian.<sup>51</sup> The Lutzes also granted the writers the option to produce motion picture sequels to the film, *The Amityville Horror*, subject to the five-year holdback right of first refusal granted to PFI.<sup>52</sup> Jones and Kimatian partially assigned their rights to plaintiff Gotham Press Publishing, Inc.<sup>53</sup>

In 1981 Jones and Kimatian published "The Amityville Horror II."<sup>54</sup> It was published under the titles "The Amityville Horror, Part II" in Great Britain and "Amityville II" in France.<sup>55</sup> In mid-1982 the plaintiffs prepared a synopsis, versions of a screenplay and a budget for the motion picture version of "The Amityville Horror II."<sup>56</sup> At the time, the book sequel was already a best seller and had generated substantial interest among potential backers of a motion picture version to be entitled *The Amityville Horror II*.<sup>57</sup>

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45. *Lutz*, 211 Cal. App. at 1321, 260 Cal. Rptr. at 107.

46. *Id.*

47. *Id.*

48. Appellants' Answer to Appellees' Petition for Rehearing in the Court of Appeal at 7, *Lutz* (No. B 029 439) (July 24, 1989).

49. *Lutz*, 211 Cal. App. 3d at 1321, 260 Cal. Rptr. at 107.

50. Appellants' Answer to Appellees' Petition for Rehearing in the Court of Appeal at 7, *Lutz* (No. B 029 439) (July 24, 1989).

51. *Lutz*, 211 Cal. App. 3d at 1321, 260 Cal. Rptr. at 107.

52. *Id.*

53. *Id.*

54. *Id.*

55. Appellants' Opening Brief, Appeal from the Superior Court of Los Angeles County at 10-11, *Lutz* (No. B 029 439) (June 9, 1988).

56. *Id.*

57. *Id.* See also Appellants' Answer to Appellees' Petition for Rehearing in the Court of Appeal at 7, *Lutz* (No. B 029 439) (July 24, 1989). In naming their book, the Lutzes followed

C. *Orion Releases the Dino de Laurentiis Films Entitled Amityville II: The Possession and Amityville 3-D*

Dino de Laurentiis produced a motion picture about a fictional family named Montelli who live in the Amityville house prior to its purchase by the Lutzes.<sup>58</sup> Orion claims the film is based upon Hans Holzer's 1979 paperback book, "Murder in Amityville," which dealt with DeFeo's unsuccessful criminal defense of possession by demons.<sup>59</sup> Holzer's book discussed the trial and consisted almost exclusively of verbatim quotes from the trial transcript, an interview with a trace medium and discussions of the trial court's rulings on the insanity defense.<sup>60</sup> Prior to release, Orion changed the movie's title from *Murder in Amityville* to *Amityville II: The Possession*.<sup>61</sup>

In September, 1982 Orion began advertising and distributing *Amityville II: The Possession* in the United States and under the title *Amityville II* in foreign markets.<sup>62</sup> The television, radio and print advertising made use of the Lutzes' name and the title *The Amityville Horror*.<sup>63</sup> In 1983 Orion released another motion picture about unrelated fictional events again set in the Amityville home at 112 Ocean Boulevard.<sup>64</sup> The film was entitled *Amityville 3-D* and used special effects to give viewers a vivid, three-dimensional perception of the action.<sup>65</sup>

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the regular custom and practice in the motion picture industry of making sequel designations by Roman numerals II and III, et seq., or the Arabic numerals 2 or 3, et seq. The movie-going public would be familiar with the following examples: *The Omen* was followed by *Damien: Omen II* and *The Exorcist*, by *Exorcist II: The Heretic*. There were *Jaws*, *Jaws II* and *Jaws 3-D*. Cf. *Id.* at 8.

58. *Lutz*, 211 Cal. App. 3d at 1321, 260 Cal. Rptr. at 107.

59. Appellant's Reply Brief, Appeal from the Superior Court of Los Angeles County at 14-15, *Lutz* (No. B 029 439) (Nov. 8, 1988). Orion refused to credit Holzer and he obtained film credit only as the result of a New York State civil suit. *Id.* See also *Lutz*, 211 Cal. App. 3d at 1321 n.1, 260 Cal. Rptr. at 107 n.1.

60. Appellant's Reply Brief, Appeal from the Superior Court of Los Angeles County at 14-15, *Lutz* (No. B 029 439) (Nov. 8, 1988).

61. *Id.*

62. Appellant's Opening Brief, Appeal from the Superior Court of Los Angeles County at 11, *Lutz* (No. B 029 439) (June 9, 1988).

63. *Lutz*, 211 Cal. App. 3d at 1321, 260 Cal. Rptr. at 107-08. The advertising said, "The Night of February 5, 1976, George and Kathleen Lutz and their three children fled their home in Amityville, New York. They got out alive! Their living nightmare shocked audiences around the world in 'The Amityville Horror.'" *Id.*

64. *Lutz*, 211 Cal. App. 3d at 1322, 260 Cal. Rptr. at 108. See also Appellant's Opening Brief, Appeal from the Superior Court of Los Angeles County at 13, *Lutz* (No. B 029 439) (June 9, 1988).

65. *Id.*

*D. Procedural History and Holding of Lutz*

On September 21, 1982, the Lutzes sought to enjoin Orion's use of the title *Amityville II: The Possession* for de Laurentiis' recently released motion picture.<sup>66</sup> The complaint was amended four times over the next three years; each time Orion demurred and on December 10, 1985, the demurrers were sustained without leave to amend most of the thirteen counts.<sup>67</sup>

The Superior Court of Los Angeles County granted defendants' motion for judgment on the pleadings on the remaining counts on June 19, 1987.<sup>68</sup> On June 29, 1989, the California Court of Appeal affirmed in part and reversed in part the trial court's order dismissing the complaint.<sup>69</sup> Writing for the majority, Justice Compton declared that all of the counts of the complaint<sup>70</sup> would be merged into the one count for unfair competition, which could *not*, as a matter of law, be dismissed on demurrer because "the status of secondary meaning can only be determined after an inquiry into the facts . . . [not] at the demurrer stage of the

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66. *Lutz*, 211 Cal. App. 3d at 1321-22, 260 Cal. Rptr. at 108.

The complaint revolved around the theme that the motion picture unfairly competed with John Jones' best selling book, *The Amityville Horror II*. They sought a Temporary Restraining Order ("TRO") to enjoin defendants' distribution of *Amityville II: The Possession*. Four hours later, the court issued a TRO requiring Orion to change the title as well as to recall and change all advertising for the picture. [Tierney Decl., September 21, 1982, PP4 (C.T. 156)]. Upon application for reconsideration by Orion, the Superior Court, on the next day, stayed the TRO. [Order Modifying TRO, September 22, 1982 (C.T. 167)]. The further modified TRO subsequently required Orion to undertake a plan of corrective advertising but the plaintiffs did not post the bond required for the modified Order; therefore, all TROs were without effect. [Goldberg Decl., October 21, 1982, PP5 (C.T. 280)]. The defendants voluntarily took action to eliminate references to the Lutz family in advertising and to affirmatively add disclaimers in an effort to moot the injunctive relief sought by plaintiffs. [Goldberg Decl., October 21, 1982, PP5 (C.T. 280)].

Petition for Review of Decision of the Court of Appeal at 21-22, *Lutz* (No. B 029 439) (Aug. 8, 1989).

67. *Id.* (citing Minute Order, *Lutz* (No. B 029 439) (Dec. 10, 1985)). Plaintiffs petitioned on appeal for a Writ of Mandamus and/or certiorari to reverse the Superior Court's order. Denied by the Court of Appeal, they then unsuccessfully petitioned for review before the Supreme Court of the State of California. *Id.*

68. *Lutz*, 211 Cal. App. 3d at 1320, 260 Cal. Rptr. at 107.

69. *Id.* at 1324-25, 260 Cal. Rptr. at 109-10.

70. The plaintiffs had also pled causes of action for breach of contract, invasion of privacy and unfair competition under the Lanham Act, which is broader than the common law claim and is not subject to the relatively strict requirements of California law. For example, all that need be alleged is that the misleading representation "is likely to cause confusion, or to deceive purchasers into believing the source of origin of the goods is another." *National Lampoon, Inc. v. American Broadcasting Cos., Inc.*, 376 F. Supp. 733, 746 (S.D.N.Y. 1974) *aff'd* 497 F.2d 1343 (2d Cir. 1974).

proceedings.”<sup>71</sup> Orion appealed the reversal as error;<sup>72</sup> the Lutzes appealed the dismissal of the other complaints.<sup>73</sup> On September 26, 1989 the California Supreme Court refused to hear the appeal.

### III. REASONING OF THE *LUTZ* COURT

#### A. *The Majority Opinion*

##### 1. Elements of Pleading Required to Establish Unfair Competition

The *Lutz* court affirmed the *Tomlin* holding that an action for unfair competition *must* be based upon a theory of public deception or confusion.<sup>74</sup> According to *Tomlin*, “[s]ince *Sears* and *Compco*, the appropriation [of a property right] theory of state protection for literary titles retains no vitality.”<sup>75</sup> The court stated that since titles are no longer considered property, anyone may use a title “if not used in such manner as to induce the public to believe that the work to which it is applied is the identical thing which it originally designated.”<sup>76</sup> Justice Compton wrote the unanimous opinion in *Tomlin* and the majority opinion in *Lutz*.<sup>77</sup>

In *Tomlin*, song composer, Pinky Tomlin, sued Walt Disney Productions claiming that its 1969 movie, *The Love Bug*, unfairly used the title of his popular 1937 song, “The Love Bug Will Bite You (If You Don’t Watch Out).”<sup>78</sup> In 1937 Tomlin had assigned his rights in the composition to the publisher in return for royalties.<sup>79</sup> The court recognized that, although the legend of the love “bug” was “part of the American idiom long prior to 1937,” Tomlin’s composition enjoyed greater popularity than other similarly titled compositions.<sup>80</sup> However, the court held that Tomlin’s claim for misappropriation, “wrongful taking of plaintiff’s property” and “unauthorized use by [Disney] of [Tomlin’s]

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71. *Lutz*, 211 Cal. App. 3d at 1323, 260 Cal. Rptr. at 109 (citing *Dino, Inc. v. Boreta Enterprises, Inc.*, 226 Cal. App. 2d 336, 339, 38 Cal. Rptr. 167 (1964)).

72. Petition for Review of Decision of the Court of Appeal at 21-22, *Lutz* (No. B 029 439) (Aug. 8, 1989).

73. The *Lutz* court granted plaintiffs’ costs on the appeal. *Lutz*, 211 Cal. App. 3d at 1325, 260 Cal. Rptr. at 110.

74. *Lutz*, 211 Cal. App. 3d at 1322, 260 Cal. Rptr. at 108 (citing *Tomlin v. Walt Disney Prod.*, 18 Cal. App. 3d 226, 230, 96 Cal. Rptr. 118, 120 (1971)).

75. *Tomlin*, 18 Cal. App. 3d at 234, 96 Cal. Rptr. at 122.

76. *Id.* at 230, 96 Cal. Rptr. at 120 (quoting *Curtis v. 20th Century-Fox Film Corp.*, 140 Cal. App. 2d 461, 469, 295 P.2d 62, 67 (1956)).

77. Justice Roth concurred in *Tomlin* and dissented in *Lutz*.

78. *Tomlin*, 18 Cal. App. 3d at 229-30, 96 Cal. Rptr. at 119.

79. *Id.* at 229, 96 Cal. Rptr. at 119.

80. *Id.*

property,"<sup>81</sup> was barred by *Sears* and *Compro*.<sup>82</sup>

The *Tomlin* court held that, in an unfair competition action for copying a title which has achieved secondary meaning, the plaintiff must plead special damages that are the result of "(1) a failure of the defendant to take reasonable precautions to prevent public confusion, (2) with the intent to deceive the public as to the source of the literary work."<sup>83</sup>

The *Lutz* court modified these requirements. It held that the Lutzes had properly pled a cause of action for unfair competition by alleging (1) that they had created a secondary meaning in the word "Amityville;" (2) that the public was misled into believing that the film was the anticipated sequel to the first movie; and (3) that Orion had intentionally traded off and appropriated for themselves the valuable secondary meaning created by the plaintiffs' efforts and expense.<sup>84</sup> Because *Lutz* held that a title is never protectable unless it "has acquired a secondary meaning,"<sup>85</sup> rules of title protection are further distinguished from rules of trademark law, which require secondary meaning for only one category of trademark.<sup>86</sup>

## 2. Public Involvement

The *Lutz* court's subtle modification of *Tomlin* is important. It points out the public involvement in an action for unfair competition. The public (1) creates secondary meaning by identifying the title with a

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81. *Id.* at 235-36, 96 Cal. Rptr. at 123.

82. *Id.* at 236, 96 Cal. Rptr. at 123.

83. *Tomlin*, 18 Cal. App. 3d at 235, 96 Cal. Rptr. at 123. Later in the opinion, *Tomlin* stated that relief turned on a

showing that (1) "The Love Bug" had acquired a "secondary meaning" and that (2) there was a likelihood of confusion in the mind of the public between his song and Disney's picture, (3) as a result of Disney's wrongful and intentional failure to take precautions to prevent that confusion.

*Id.* at 236, 96 Cal. Rptr. at 124.

84. *Lutz*, 211 Cal. App. 3d at 1324, 260 Cal. Rptr. at 109. Orion, it was alleged, had deceptively titled and advertised their movie to mislead the public into believing the film was the anticipated sequel to the first movie which would be based upon the Lutzes' best-seller, "The Amityville Horror II." *Id.*

85. *Id.* at 1322, 260 Cal. Rptr. at 108 (citing *Tomlin*, 18 Cal. App. 2d at 230, 96 Cal. Rptr. at 120).

86. *See* G. Heileman Brewing Co. v. Anheuser-Busch, Inc., 873 F.2d 985, 991-92 (7th Cir. 1989).

[A] term for which trademark protection is claimed generally fits somewhere in the spectrum of classifications ranging from (1) generic or common descriptive and (2) merely descriptive to (3) suggestive and (4) arbitrary or fanciful. A generic or common descriptive term . . . cannot become a trademark . . . . A merely descriptive term . . . can, by acquiring a second meaning, . . . become a valid trademark. A suggestive term . . . can be protected without proof of a secondary meaning, [e.g., "Tide," "Coppertone"]. An arbitrary or fanciful term enjoys the same full protection as a suggestive term.

*Id.*

particular work or author; (2) is misled by confusing use of the title; and (3) unjustly enriches the manipulative user.<sup>87</sup> Because *Tomlin* held that a plaintiff must "plead a failure of the defendant to take reasonable precautions to prevent public confusion," Orion claimed that it could avoid liability, as a matter of law, by simply using a disclaimer.<sup>88</sup> The *Lutz* court did not consider Orion's alleged disclaimers.<sup>89</sup> The opinion quoted part of Orion's advertising for *Amityville II: The Possession*: "The Night of February 5, 1976, George and Kathleen Lutz and their three children fled their home in Amityville, New York. They got out alive! Their living nightmare shocked audiences around the world in *The Amityville Horror*."<sup>90</sup> The opinion ignored the text of Orion's alleged disclaimer immediately following: "But before them, another family lived in this house and were caught by the original evil. They weren't so lucky . . . this is their story!"<sup>91</sup>

The defendants claimed that the statement fulfilled the requirements of *Tomlin* and that it was enough to avoid suit.<sup>92</sup> But, the *Lutz* court held that an allegation of public confusion is sufficient to proceed to trial on the issue.<sup>93</sup> Therefore, the court recognized the public's interest in an honest marketplace by returning the focus of the inquiry to a full factual determination of public confusion rather than *Tomlin*'s apparent focus on the single issue of the reasonableness of the defendants' alleged disclaimers as a bar to suit.

Orion's use of a disclaimer is only probative of its good faith in adopting the title. In determining public confusion, the second element of unfair competition, many more factors are weighed. Trademark law has categorized many of these factors in its analogous "multifactor bal-

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87. Cf. *Lutz*, 211 Cal. App. 3d at 1324, 260 Cal. Rptr. at 109.

88. See Petition for Review of Decision of the Court of Appeal at 21-22 *Lutz* (No. B 029 439) (Aug. 8, 1989). This inference comes from the discussion in *Tomlin* which had found that:

Inherent in the language in *Gordon* is the conclusion that a defendant copier can avoid liability by taking reasonable precautions to avoid public confusion by identifying the source of its work or disclaiming any connection with plaintiff's work.

*Tomlin*, 18 Cal. App. 3d at 235, 96 Cal. Rptr. at 123 (citing *Gordon v. Warner Bros. Pictures, Inc.*, 269 Cal. App. 2d 31, 74 Cal. Rptr. 499 (1969)).

89. Petition for Review of Decision of the Court of Appeal at 21, *Lutz* (No. B 029 439) (Aug. 8, 1989).

90. *Lutz*, 211 Cal. App. 3d at 1321, 260 Cal. Rptr. at 107-08.

91. Petition for Review of Decision of the Court of Appeal at 21, *Lutz* (No. B 029 439) (Aug. 8, 1989).

92. *Id.* at 21-22.

93. *Lutz*, 211 Cal. App. 3d at 1324, 260 Cal. Rptr. at 109.

ancing test" used to determine the likelihood of public confusion.<sup>94</sup> This test examines the "totality of the circumstances" including the following factors: (1) the strength or weakness of the mark; (2) the degree of similarity between the two marks; (3) the proximity of the products; (4) the likelihood that the prior user will enter the same market; (5) actual public confusion; and the reciprocal of (1) the defendants' good faith in adopting the similar mark; (2) the quality of the defendants' product; and (3) the sophistication of the buyer.<sup>95</sup> Therefore, the *Lutz* court's modification of the elements of the pleading establishes that a full factual inquiry into public confusion is necessary despite the use of alleged disclaimers.

### 3. Secondary Meaning Is Always a Question of Fact

The *Tomlin* court examined Tomlin's claim of secondary meaning to see if relief might be granted for unfair competition within the restrictions of *Sears and Compco*.<sup>96</sup> A title acquires secondary meaning when a substantial segment of the purchasing public associates the title with a particular person, work or source, even if anonymous.<sup>97</sup> But, the *Tomlin* court found that "[e]ven the most liberal interpretation of Tomlin's presentation at the hearing on the motion for summary judgment fails to establish a triable issue of fact."<sup>98</sup> In *Lutz* the court found that Orion missed the point when arguing that no secondary meaning could attach, as a matter of law, to the word "Amityville" because of the license held by Orion and "Amityville's" subsequent association with several works.<sup>99</sup> The *Lutz* court held that determining the status of the required

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94. *Hasbro v. Lanard Toys, Ltd.*, 858 F.2d 70, 75 (2d Cir. 1988) (citing *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961) *cert. denied*, 368 U.S. 820 (1961)).

95. *Id.*

96. *Tomlin*, 18 Cal. App. 3d at 236, 96 Cal. Rptr. at 123-24.

97. See B. WITKIN, 4 SUMMARY OF CALIFORNIA LAW § 51 *Titles* (9th ed. 1987).

The court examined and rejected defendant's theory that the title had not acquired a secondary meaning because the play was unsuccessful: (1) The 'public' does not mean all the people, and the title of a play produced in New York may acquire a secondary meaning throughout the United States. (2) The work need not be popular; it is enough that notoriety and adverse comment may bring about a widespread identification of the play by its title. (3) A long period of use is unnecessary; the test is not of time but of impact on the public mind. (4) It need not be shown that the title is associated with the author; it is usual and sufficient to show identification with the literary work. (5) The fact that the plaintiff did not produce his play during a 2-year period after its New York closing did not show abandonment of the title as a matter of law.

*Id.* (citing *Jackson v. Universal International Pictures*, 36 Cal. 2d 116, 121, 222 P.2d 433 (1950)).

98. *Tomlin*, 18 Cal. App. 3d at 238, 96 Cal. Rptr. at 125.

99. *Lutz*, 211 Cal. App. 3d at 1323, 260 Cal. Rptr. at 109.

secondary meaning is *always* a matter of fact and "cannot be determined at the demurrer stage of the proceedings."<sup>100</sup>

The dispositive question was whether the Lutzes had pleaded sufficient operative facts to establish a cause of action.<sup>101</sup> The court stated that "the allegations in the complaint are to be regarded as true and are to be liberally construed with a view to attaining substantial justice between the parties."<sup>102</sup> The *Lutz* court found that: "Reduced to fundamentals, secondary meaning is a shorthand phrase which describes the existence of conditions from which public confusion will flow if the defendant is permitted to pursue his deceptive scheme."<sup>103</sup> Multiple sources and use of the name of an actual city named Amityville are "merely factors [among others] to consider in making the *factual* evaluation of whether or not plaintiffs ever acquired a protectable secondary meaning."<sup>104</sup>

### B. The Dissenting Opinion

#### 1. The Misconception That *Tomlin* Allows Transfers *In Gross* of Property Rights in Titles

The *Tomlin* court held that Tomlin was not the real party in interest because he had sold his title rights along with the copyright of his song.<sup>105</sup> The court found that Tomlin's "song, including the title, became the property of the publisher. An accretion in the value of the property, including the acquisition of a secondary meaning for the title, necessarily belonged to the owner, to wit, the publisher."<sup>106</sup> The *Lutz* dissent relied on *Tomlin* in saying that title "protection . . . is an exception to the policy of a free and competitive economy. That protection should not be loosely expanded, particularly when the defendant's products are literary works, for in such an instance the policy favoring freedom of artistic expression is also implicated."<sup>107</sup> The dissent continued:

It is astonishing that the Lutzes should sell exclusive and perpetual motion picture and television rights to the first book, *including the title "The Amityville Horror,"* to a picture company,

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100. *Id.*

101. *Id.* at 1323-24, 260 Cal. Rptr. at 109.

102. *Id.* (citing *Rader Co. v. Stone*, 178 Cal. App. 3d 10, 20, 223 Cal. Rptr. 806 (1986); *Barney v. Aetna Casualty & Surety Co.*, 185 Cal. App. 3d 966, 973-74, 230 Cal. Rptr. 215 (1986)).

103. *Lutz*, 211 Cal. App. 3d at 1323, 260 Cal. Rptr. at 108.

104. *Id.*, 260 Cal. Rptr. at 109 (emphasis in the original).

105. *Tomlin*, 18 Cal. App. 3d at 238-39, 96 Cal. Rptr. at 125.

106. *Id.*

107. *Lutz*, 211 Cal. App. 3d at 1325, 260 Cal. Rptr. at 110 (Roth, P.J., dissenting).



then claim that any proprietary rights in a resulting secondary meaning of that title still belong to them exclusively.<sup>108</sup>

The dissent contended that the transfer of rights was unlimited (*in gross*) and therefore the Lutzes could not have any expectation of secondary meaning.<sup>109</sup> The Lutzes had "no significant participation in the making of the first movie" and thus, could not claim credit, as a matter of law, for capturing the "public's attention and imagination."<sup>110</sup> According to the dissent, the rule of *Tomlin* should be that any "motion picture" property rights in the title belong to the owner of the motion picture rights to the copyright of the work.<sup>111</sup> The dissent's argument suggests that, once a title is licensed, in any form, the author no longer has any rights in the title because of the multiple sources.<sup>112</sup> Therefore, Orion would be free to use the title for unrelated motion pictures.

The dissent missed important differences between *Tomlin* and *Lutz*. While *Tomlin*'s sole source of secondary meaning was the song, the Lutzes wrote two best sellers in addition to licensing the original hit motion picture. In *Tomlin*, the defendant was a stranger to the assignment of the title. Therefore, the assignee was the proper party to protect the secondary meaning of the title against uses which competed unfairly with the song. In *Lutz*, Orion, as successor-in-interest to the assignee, seized rights to the title unrelated to its assignment in the copyright of the underlying work. Orion used the title for an unauthorized and unrelated motion picture. Therefore, Orion acted as a stranger to the original underlying work because its use of the work's title was unrelated to exploitation of the work's copyright. If plaintiffs, like the Lutzes, are refused standing as the dissent urges, the public would be denied all protection from confusion.

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108. *Id.* at 1326, 260 Cal. Rptr. at 111 (Roth, P.J., dissenting) (emphasis in original).

109. *Id.*

110. *Id.*

111. *Cf. Id.* at 1328, 260 Cal. Rptr. at 112 (Roth, P.J., dissenting) ("The Lutzes and Anson sold PFI all motion picture rights in the first book *and in its copyright*, with the sole exception of the reserved right to make a sequel depicting the Lutzes in subsequent events."). *But see* Trust Co. Bank v. MGM/UA Entertainment Co., 772 F.2d 740 at 746 (1985) (citing the district court's reliance upon Warner Bros. Pictures, Inc. v. Columbia Broadcasting System, 216 F.2d 945 (1954) (the *Sam Spade* decision) (A producer can "not necessarily rely on an implicit grant of sequel rights in an agreement conveying motion picture rights.")).

112. *Cf. Lutz*, 211 Cal. App. 3d at 1328, 260 Cal. Rptr. at 112 (Roth, P.J., dissenting) ("Having licensed *The Amityville Horror* to PFI, they (and Jones, Kimatian, and Gotham Press, who came later) simply cannot show the requisite exclusivity of their interest in the title 'The Amityville Horror.'").

## 2. The Better Rule

The *Lutz* majority rejected the dissent's argument by stating that multiple sources are merely evidence to be considered by the trier of fact in deciding whether secondary meaning has been established.<sup>113</sup> The better rule implied by the *Lutz* majority is that secondary meaning vests in the assignee of a title for the purpose of protecting that assignment in uses appurtenant to the transferred copyright.<sup>114</sup> In *Allied Artists Pictures Corporation v. Friedman*, ("Allied Artists")<sup>115</sup> the only other title case since *Tomlin*, the California Court of Appeal protected the assignee by finding that the trial court had the power to enforce an injunction with extraterritorial impact.<sup>116</sup> The *Allied Artists* court recognized that the American distributor of the erotic motion picture,<sup>117</sup> *The Story of O*, had a proper cause-of-action to protect its license against unfair competition by the distributor of the low budget, sexual exploitation movie,<sup>118</sup> *The Journey of O*.<sup>119</sup>

According to the definition of secondary meaning crafted by the *Lutz* court, the *public* itself vests rights in titles regardless of the language in transfer agreements.<sup>120</sup> The only title right recognized in California is the right to sue for unfair competition.<sup>121</sup> If the plaintiff establishes the elements of unfair competition (i.e., (1) secondary meaning; (2) public confusion; and (3) the defendants' intent to deceive the public), the title rights cannot vest with the defendant no matter what language of transfer appears in a contract between the parties.<sup>122</sup>

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113. *Lutz*, 211 Cal. App. 3d at 1323, 260 Cal. Rptr. at 109.

114. *Cf. American Broadcasting v. Wahl*, 36 F. Supp. 167, 168 (S.D.N.Y. 1940) ("Defendants contend that there can be no license of a trade-mark or even an assignment thereof except in connection with the transfer of the business with which it has already been used. The point is well taken."); *Kidd v. Johnson*, 100 U.S. 617, 620 (1879) ("As distinct property, separate from the article created by the original producer or manufacturer, it [a trademark] may not be the subject of sale.").

115. 68 Cal. App. 3d 127, 137 Cal. Rptr. 94 (1977).

116. *Id.* at 136-37, 137 Cal. Rptr. at 99-100.

117. *Id.* at 131, 137 Cal. Rptr. at 96.

118. *Id.*

119. *Id.* at 135, 137 Cal. Rptr. at 98 (It is unimportant that the secondary meaning resulted from the activities of persons other than Allied. . . . The critical question is whether the secondary meaning had been established in the public mind and not the precise manner in which it was created.").

120. *Lutz*, 211 Cal. App. 3d at 1323, 260 Cal. Rptr. at 108 ("Reduced to fundamentals, secondary meaning is a shorthand phrase which describes the existence of conditions from which public confusion will flow if the defendant is permitted to pursue his deceptive scheme.").

121. *See supra* notes 2-3 and accompanying text.

122. The question of an author's ability to expressly waive the future right to sue is not addressed in *Lutz*. *See also supra* note 111.

## IV. COMMENTARY

Yet, there is no part of the law which is more plastic than unfair competition, and what was not reckoned an actionable wrong 25 years ago may have become such today.

—*Judge Learned Hand*<sup>123</sup>

A. *Mixing Title Rights and Moral Rights of Authors:  
Beyond The Valley of the Dolls*

Authors can retain important rights that may not be transferred because the public sometimes identifies, as they are often encouraged to do, a literary work's title with its author. In *Sujac Productions v. Twentieth-Century Fox*, ("*Sujac*")<sup>124</sup> author Jacqueline Susann successfully sued Twentieth-Century Fox ("*Fox*") for unfair competition because Fox had named an X-rated, exploitation movie *Beyond The Valley of The Dolls*.<sup>125</sup> The public thought that she had written it, Susann claimed, because she had written the popular story, "The Valley of the Dolls" which was the basis of a hit motion picture produced by Fox.<sup>126</sup>

Fox was licensed to use the title of Jacqueline Susann's book, "The Valley of the Dolls," for this motion picture.<sup>127</sup> When Fox produced and

123. *Ely-Norris Safe Co. v. Mosler Safe Co.*, 7 F.2d 603, 604 (2d Cir. 1925), *rev'd on other grounds*, 273 U.S. 132 (1927).

124. *Sujac Prods. v. Twentieth-Century Fox*, Superior Court of California, County of Los Angeles (1975) (No. C 975 612).

125. Verdict, *Sujac* (No. C 975 612) (Aug. 1, 1975) entered in Book of Judgments at 162 (No. 7047) (Aug. 4, 1975).

126. Complaint at 6, *Sujac* (No. C 975 612) (April 24, 1970).

127. Memorandum of Points and Authorities in Support of Defendant's Motion for Entry Notwithstanding the Verdict at 3-5, *Sujac* (No. C 975 612) (1975). Twentieth-Century Fox argued that Jacqueline Susann had transferred her rights *in gross* to the title "Valley of the Dolls" by the following clause, which Twentieth-Century Fox had used in all its contracts since 1941:

3. Owner hereby grants and assigns to Purchaser, its successors, licensees and assigns (hereinafter called Purchaser) forever, throughout the world, the following rights in and to the Literary Property:

\* \* \*

(c) The sole and exclusive rights to make, produce, adapt, sell, lease, rent, exhibit and, subject to paragraph 23 hereof with respect to television series rights in the Literary Property, to televise any motion picture versions of the Literary Property by any manner and means now known or hereafter developed, and to perform and generally deal in and with and to copyright and in any manner license, exploit and dispose of motion picture versions of said Literary Property, or any part or portion thereof, and of the characters and characterizations therein, in any and all languages, with or without sound accompaniment and with or without the interpolation of musical numbers therein, and for such purposes to adapt one or more versions of said Literary Property, to add to and subtract from the Literary Property with any other literary works, change the sequence thereof, change the title of said Literary Property, use said title, or any of its components, in connection with works or motion pic-

distributed an unrelated, unauthorized sequel motion picture entitled *Beyond The Valley of The Dolls*, Jacqueline Susann sued; like the Lutzes, she claimed that the producers were not licensed to use her title in this manner.<sup>128</sup> Fox claimed that they had bought unlimited rights to the sequel title as well as to the original title.<sup>129</sup> Susann claimed that such a transfer *in gross* would be against public policy.<sup>130</sup>

Susann claimed that Fox's lurid sequel, *Beyond The Valley of The Dolls*, would unfairly compete with her "present and future business interests and earning ability"<sup>131</sup> because she had established secondary meaning in the title of her book, "The Valley of the Dolls," and in Fox's subsequent motion picture version.<sup>132</sup> Susann claimed that because of the similar title there would be a public association of her with the exploitation, X-rated picture, *Beyond The Valley of The Dolls*, and that would "cause great and irreparable injury and damage to . . . her stature as an author."<sup>133</sup>

As evidence of the public's confusion, Susann submitted articles which appeared in *Newsweek*, *Playboy* and the *Daily News* which referred to *Beyond The Valley of The Dolls* as Susann's sequel.<sup>134</sup> Fox, like

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*tures wholly or partially independent of said Literary Property, change the characters in said Literary Property, change the description of said characters, and to use any and all thereof in new versions, remakes, adaptations and sequels in any and all languages and to register and obtain copyright therein.*

*Id.* (emphasis added).

128. [Plaintiff's] Memorandum of Points and Authorities at 11-12, *Sujac* (No. C 975 612) (May 22, 1970).

129. Memorandum of Points and Authorities in support of Defendant's Motion for Entry of Judgment Notwithstanding the Verdict at 3, *Sujac* (No. C 975 612) (Aug. 28, 1975). "Fox had obtained by contract from Sujac the absolute right to use the title 'Beyond . . . ' on any work or motion picture including a work or motion picture which was wholly independent of the book 'Dolls' or wholly independent of the screen treatment for a sequel to 'Dolls' written by Su[z]ann[e]." *Id.*

130. [Plaintiff's] Memorandum of Points and Authorities at 11-12, *Sujac* (No. C 975 612) (May 22, 1970).

131. Complaint at 15, *Sujac* (No. C 975 612) (April 24, 1970).

132. *Id.* at 3.

133. *Id.* at 6. This position paralleled the modern trend in trademark cases which recognizes the expanded functions of trademarks:

Putting aside prescribed categories for a moment, we agree with the reasoning of Judge Bright's dissent in the Eight Circuit *Anheuser-Busch* case. As Judge Bright points out, the objectives of trademark law are twofold: (1) to prevent confusion among consumers as to the source of goods or services; and (2) to indicate ownership and permit the trademark owner to control the product's reputation.

*G. Heileman Brewing Co. v. Anheuser-Busch, Inc.*, 873 F.2d 985, 997 (7th Cir. 1989) (citing *Anheuser-Busch v. Stroh Brewery Co.*, 750 F.2d 631, 644 (Bright, J., dissenting) (8th Cir. 1984)).

134. Memorandum of Points and Authorities in support of Defendant's Motion for New Trial at 23, *Sujac* (No. C 975 612) (Aug. 28, 1975).

Orion, claimed that it had distinguished its film sufficiently to avoid a suit because it had placed disclaimers, as prescribed by *Tomlin*, indicating that Susann was not the author on its display advertising, its posters and on the motion picture itself.<sup>135</sup> Susann had not, like the Lutzes, already written and published a best-seller sequel book. She had, unlike the Lutzes, sold the right to use the "Beyond" title.<sup>136</sup> Yet, the jury found for the plaintiff and awarded her damages in the sum of \$2,000,000.<sup>137</sup> When Fox's motions for judgment notwithstanding the verdict and for a new trial were denied, the parties settled for \$1,425,000.<sup>138</sup>

### B. Title Rights, Moral Rights and the Berne Convention

In the future, title protection involving authors may be further differentiated from trademark law, which is not concerned with author's rights, because the United States recently acceded to the "Berne Convention for the International Protection of Literary Works" ("*Berne Convention*"). Article 6*bis* (1) states a principal of moral rights which cannot be transferred:

Independently of the author's economic rights, and even after transfer of said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation, or other modification of, or other derogatory action in relation to, the said work, which shall be prejudicial to his honor or reputation.<sup>139</sup>

The United States Senate determined that existing provisions of American law were in conformity with the requirements of the *Berne Convention* to protect authors' rights under Article 6*bis*.<sup>140</sup> Jacqueline Susann's complaint focused on injury to her reputation caused by Fox's manipulative use of the title to her best seller which she had sold them. Therefore,

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135. *Id.* at 24. As did Orion, Fox contended that its disclaimers and precautions were reasonable as a matter of law because the *Tomlin* court had said "a defendant copier can avoid liability by taking reasonable precautions to avoid public confusion by identifying the source of its work or disclaiming any connection with Plaintiff's work." *Id.* at 11-12.

136. *See supra* note 129 and accompanying text.

137. Jury Verdict, *Sujac* (No. C 975 612) (Aug. 1, 1975) entered in Book of Judgments at 162 (No. 7047) (Aug. 4, 1975).

138. Satisfaction of Judgment, *Sujac* (No. C 975 612) (Sept. 18, 1975).

139. D. NIMMER, 4 NIMMER ON COPYRIGHT app. 33 (1989).

140. D. NIMMER, 1 NIMMER ON COPYRIGHT § 1.12[A] (1989). *See also* U.S. ADHERENCE TO THE BERNE CONVENTION: HEARINGS ON THE IMPLICATIONS, BOTH DOMESTIC AND INTERNATIONAL, OF U.S. ADHERENCE TO THE INTERNATIONAL UNION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS, S. Rep. No. J-25, 99th Cong., 1st & 2d Sess. (1985-86).

her successful suit against Fox indicates that the Senate was correct, because her moral rights as defined under the *Berne Convention* were protected. It is unclear what the future of moral rights in America may be.<sup>141</sup> Future cases of unfair competition may, like *Sujac* and *Lutz*, take the author's moral rights into consideration when determining the existence of secondary meaning in a title or special damages.<sup>142</sup>

## V. CONCLUSION

### A. Reliance upon the Public Interest Creates a Trilemma

The *Lutz* court faced a trilemma because it had to draft rules to reconcile the interests of two opposing private parties while best preserving the public's interest.<sup>143</sup> On one horn of this trilemma is the Lutzes' claim that they are the party in whom the secondary meaning reposes. They claim reliance upon their popularity and the public's desire to view movies about their continuing story.

On the second horn of the trilemma, Orion claims reliance on a typical industry contract in which the Lutzes transferred their rights. Such industry transfer agreements use very broad terms, such as "unlimited" or "independent" to grant the freedom to make adaptations and changes necessary to bring the literary property to the screen free from claims of distortion or mutilation on the part of the author.<sup>144</sup>

The third horn of the trilemma is the public's expectation of an hon-

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141. See, e.g., Sobel, *U.S. Enters New Era in International Copyright Relations: Joins Berne; Seeks GATT International Property Code; Settles MPEAA's Trade Complaint vs. South Korea*, 10 ENT. LAW REP. at 3-9 (Nov. 1988). Almost a third of the Berne Convention Implementation Act of 1988 ("BCIA") is designed to forestall any claim that the Berne Convention is self-executing under U.S. law. D. NIMMER, 1 NIMMER ON COPYRIGHT § 1.12[A] at 1-101 (1989).

However, there is U.S. Supreme Court precedent for finding a treaty to be self-executing. *Id.* at 1-103 n.24 (citing *U.S. v. Percheman*, 32 U.S. 51 (1833)).

142. The *Lutz* court found that *Amityville 3-D* was totally fictitious and that *Amityville II: The Possession* depicted events in a fictionalized manner. *Lutz*, 211 Cal. App. 3d at 1321-22, 260 Cal. Rptr. at 107-08. The court also found that the Lutzes propound that "The Amityville Horror" and "The Amityville Horror II" depict real events. *Id.* at 1320, 260 Cal. Rptr. at 107. The Lutzes might claim special damages because of a loss of credibility (reputation) brought about by Orion's use of the Amityville titles. Since the public now associates the Lutzes with Orion's fictional works, the public might be more skeptical of the Lutzes' stories depicting the psychic phenomena which they have experienced.

143. Cf. R. POSNER, *ECONOMIC ANALYSIS OF LAW* § 3.2, at 33 (3d ed. 1986) ("The pattern by which property rights emerge and grow in a society is related to increases in the ratio of the benefits of property rights to their costs.").

144. Plaintiff's Trial Memorandum Regarding the Interpretation of Paragraph 3(c) of the 1965 and 1968 Agreements at 12-15, *Lutz* (No. B 029 439) (May 22, 1970) (citing *Goodis v. United Artists Television*, 425 F.2d 397 (2d Cir. 1970)).

est and vibrant marketplace.<sup>145</sup> Public policy requires a prolific entertainment industry and therefore usually does not discourage copying of titles and ideas. But public policy also protects each individual consumer's right to choose among the many entertainment alternatives and to know what it is he or she is choosing. In the context of resolving this trilemma, involving the very nature of property rights in literary titles, *Lutz* has been decided.

*B. Does the Owner of a Copyrighted Work Own Its Title?*

Does the confusion, agitation and exasperation of this examination of *Lutz* help a lawyer answer the client's simple question? Yes. California has a clear rule for titles.

Titles are not property in any ordinary sense analogous to copyrights or patents. The expectations of buyers and sellers, according to *Lutz*, are subordinated to the public's expectations because rights in titles are only recognized in the context of an action for unfair competition. Therefore, the rule for protecting proprietary rights in titles is simple: Even in a free market, stealing a title by defrauding the public, whose expectations are paramount, is not allowed.

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145. "[N]o one should be allowed to sell his goods as those of another." *Prouty v. National Broadcasting Co.*, 26 F. Supp. 265, 266 (D. Mass. 1939) (quoting *Vogue Co. v. Thompson-Hudson Co.*, 300 F. 509 (6th Cir. 1924)).

\* My wife, Danita, deserves my appreciation for her patience and support as do my children, Ian-Vincent and Maggie-Rose, for preserving my sense of humor. Thanks to James Tierney for caring, and, for her encouragement and astute editing, Cherise Wolas.